Tourism Sector Knowledge Sessions

Session 1 - The fundamentals of demand
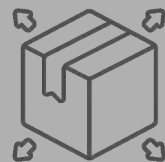
Travel and Tourism value chain consists of four key elements

Demand

Characterization and allocation of travellers across source markets

Distribution

Linkage between tourism products and travellers

Connectivity

Connectivity between source markets and destinations

Supply

Travel products & services (e.g., accommodation, attractions, etc.) across destinations

Travellers seeking travel products

Destinations offering travel products

Source: Team analysis

Training modules were mapped across the tourism value chain

DEMAND

1. Travel overview

Travel motivation and purposes

Travelers segmentation

Traveler's journey

2. Tourism products

3. Key Source Market Identification and Action Plan

4. Key trends and COVID recovery

DISTRIBUTION

5. Key intermediaries

Overview of key intermediaries

Deep-dives (GDS, Bed banks, OTA)

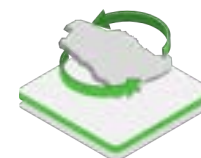Profile of players (brands, KPIs)

6. Economic value share

Margin profile of trade distribution

Share of traveler's expense

7. Travel trade engagement

Engagement strategy

Trade events

Incentives

8. Trends

Key trends summary

Trends deep-dive

CONNECTIVITY

9. Importance of air travel

Dominance in connectivity & growth

Business models (LCCs vs. network)

Changing cost of travel

10. Key ecosystem players

| Governing agencies | Aircrafts |
| Airlines & alliances | Airports |

11. Visa enablement

Types of visas & visa regimes

Impact on tourism

Case studies (Schengen & China)

12. Trends

Key trends summary

Trends deep-dive

SUPPLY

13. Traveler journey

Destination management companies

Mobility

Accommodation

Activities and events

Public spaces

Attractions

Cruises

F&B and shopping

Health and safety

Social media sharing

14. Trends

Key trends summary

Trends deep-dive

15. Tourism ecosystem entities role (e.g., DMO, MT, Tourism Board)

16. Destination vision and value proposition setting

17. Visitor experience

Focus of today's session is demand

TODAY

DEMAND

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Tourism is a subset of all travel and comprises a visitor taking a trip to a destination outside its usual environment for less than a year

Definition

Tourism is a subset of travel and comprises the activities of visitors taking a trip to a destination outside the usual environment, for less than a year, for any motive, including business, leisure, or other personal purposes
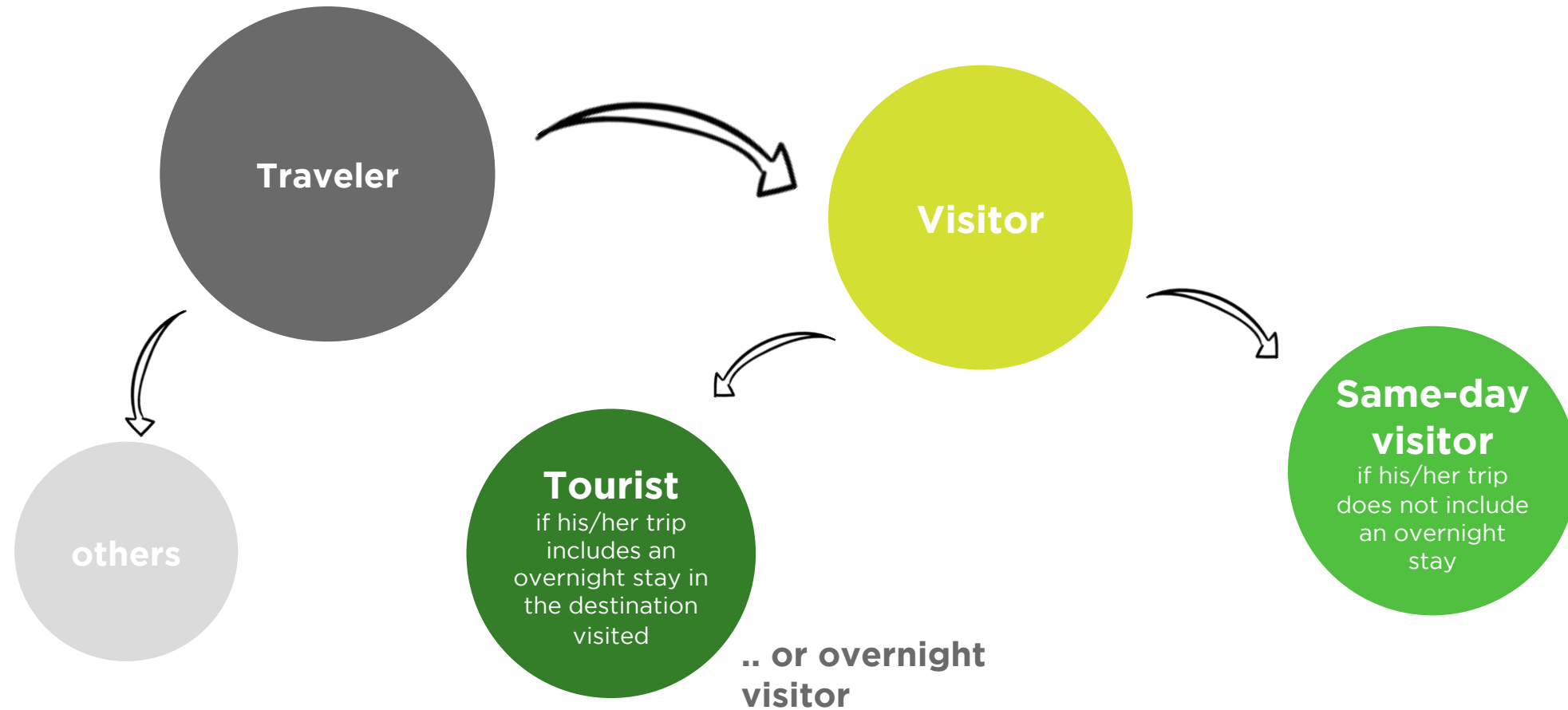
Travel

Travel refers to the activity of travelers. A traveler is someone who moves between different geographic locations for any purpose and any duration

Tourism

Tourism is a subset of travel, and visitors are a subset of travelers

A tourist is a subset of all travelers and requires the trip to include an overnight stay in the destination

Traveler

Visitor

others

Tourist
if his/her trip includes an overnight stay in the destination visited

Same-day visitor
if his/her trip does not include an overnight stay

.. or overnight visitor

There are three types of tourism

Inbound

Outbound

Domestic

comprises the activities of a non-resident visitor within Saudi Arabia

comprises the activities of a resident visitor outside of Saudi Arabia

comprises the activities of a resident visitor within Saudi Arabia

SAUDI TOURISM AUTHORITY — الهيئة السعودية للسياحة

Travel motivation is typically translated into 5 main purposes

LEISURE	**BUSINESS / MICE**	**VISITING FRIENDS OR RELATIVES (VFR)**	**RELIGIOUS**	**OTHERS**

Key Examples include:
- Culture & heritage
- Arts & entertainment
- Nature & adventure
- Shopping
- Sports

...

MICE refers to:
- Meetings
- Incentives
- Conferences
- Exhibitions

77%
Of the workforce in KSA were foreign nationals in 2022
- **Mid to high-skilled employees**, VFR are likely to visit
- **Low-skilled FTEs engage in outbound** tourism

Key Examples include:
- Performing Hajj
- Performing Umrah
- Visiting Medina
- Visiting Makkah

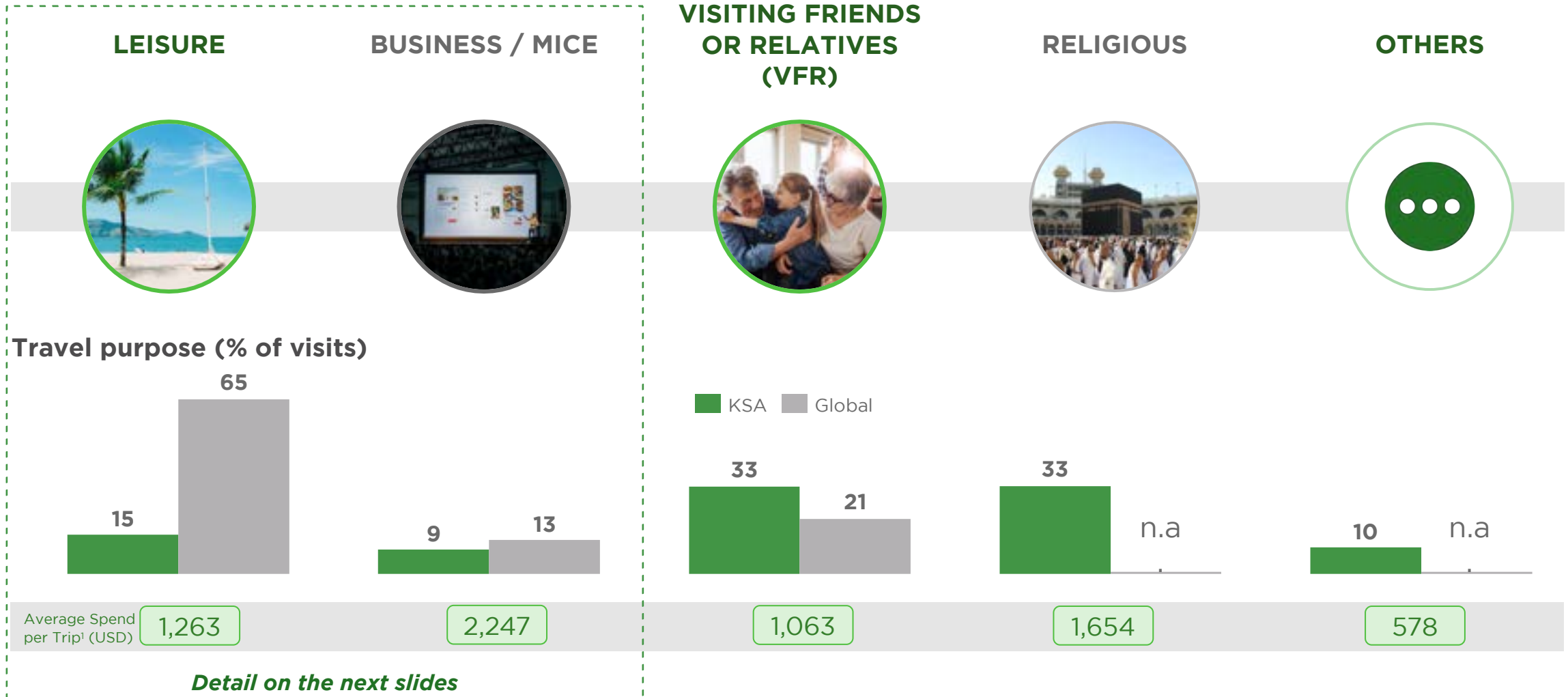*Key Examples include:*
- Volunteering
- Medical services
- Education exchanges
- Political & warfare (e.g., Sudan, Ukraine, etc.)

Source: Expatica, Desk Research

SAUDI TOURISM AUTHORITY

الهيئــــة السعودية للسياحة

Leisure is the major driver of global tourism (~65% of visits), while in Saudi religious tourism is still the dominant driver of visitation

LEISURE	BUSINESS / MICE	VISITING FRIENDS OR RELATIVES (VFR)	RELIGIOUS	OTHERS

Travel purpose (% of visits)

■ KSA   ■ Global

	LEISURE	BUSINESS / MICE	VFR	RELIGIOUS	OTHERS
KSA	15	9	33	33	10
Global	65	13	21	n.a	n.a

Average Spend per Trip[1] (USD)	1,263	2,247	1,063	1,654	578

Detail on the next slides

Leisure can be divided into multiple sub-purposes

Decreasing in popularity[1]

Culture & Heritage	Sun & Sea	Nature & Adventure	Arts & Entertainment	Shopping	Wellness	Sports

Best-in-class: Rome, Italy

- One of the oldest continuously occupied cities in Europe
- Key attractions (e.g., Domo, Colosseum)

Best-in-class: Maldives

- Average annual temperatures of 24 to 30 °C
- 1,100 kilometers of coastline

Best-in-class: New Zealand

- 37% of land is forested
- Nuclear free-zone for 43 years to protect nature

Best-in-class: Vienna, Austria

- Birthplace of Mozart, Bach and Beethoven
- Gov't invests 1% of GDP annually into arts & culture

Best-in-class: Dubai, UAE

- Largest mall in the world (Dubai mall: 1.2Mn sqm)
- Globally highest shopping space / capita of 1.4 sqm

Best-in-class: Thailand

- 98% of resort hotels rated 4+ stars plus
- 73% of wellness and spa activities rated 4+ stars

Best-in-class: Barcelona, Spain

- Camp Nou tour attracted 1.6 million tourists, 5% of all tourists in the city

Note: All data refers to 2022; 1) STA conduced a global survey, with over 20k respondents from over 15 countries, to investigate travelers' top preferences for leisure travel destination choice; respondents were asked to select the main travel purpose
Source: TDI - STA, City of Vienna Statistical Yearbook 2022, US News, Britannica, Travel Daily Media, the First Group, I Venture Card, Desk Research

Business can be divided into 4 main sub-purposes

I

MEETINGS

- People assembling (usually <30 people) to discuss **day-to-day work** matters
- Local examples include:
  - Business professional flying into KSA to meet with clients
  - CEO travelling to Riyadh to execute legal documents

...

II

INCENTIVES

- Travel **benefits offered to staff** to boost morale, reward performance, etc.
- Regional examples include:
  - Team building trip to AlUla
  - Company-wide annual celebration in Jeddah

...

III

CONFERENCES

- **Events** organized to **discuss topics** or pressing matters among **industry practitioners**
- Local examples include:
  - JeddaDerm Conference
  - Riyadh International Humanitarian Forum
  - Wellbeing at Work Summit Riyadh

...

IV

EXHIBITIONS

- Act as a **show-case** for new technologies, products or services
- Regional examples include:
  - Dubai Expo 2020
  - Annual GPCA Forum (petrochemicals)
  - International Property Show Dubai

...

Source: Desk Research

Conferences & Exhibition market is highly concentrated in the US and China (~40% of venue space), while MEA is still very nascent
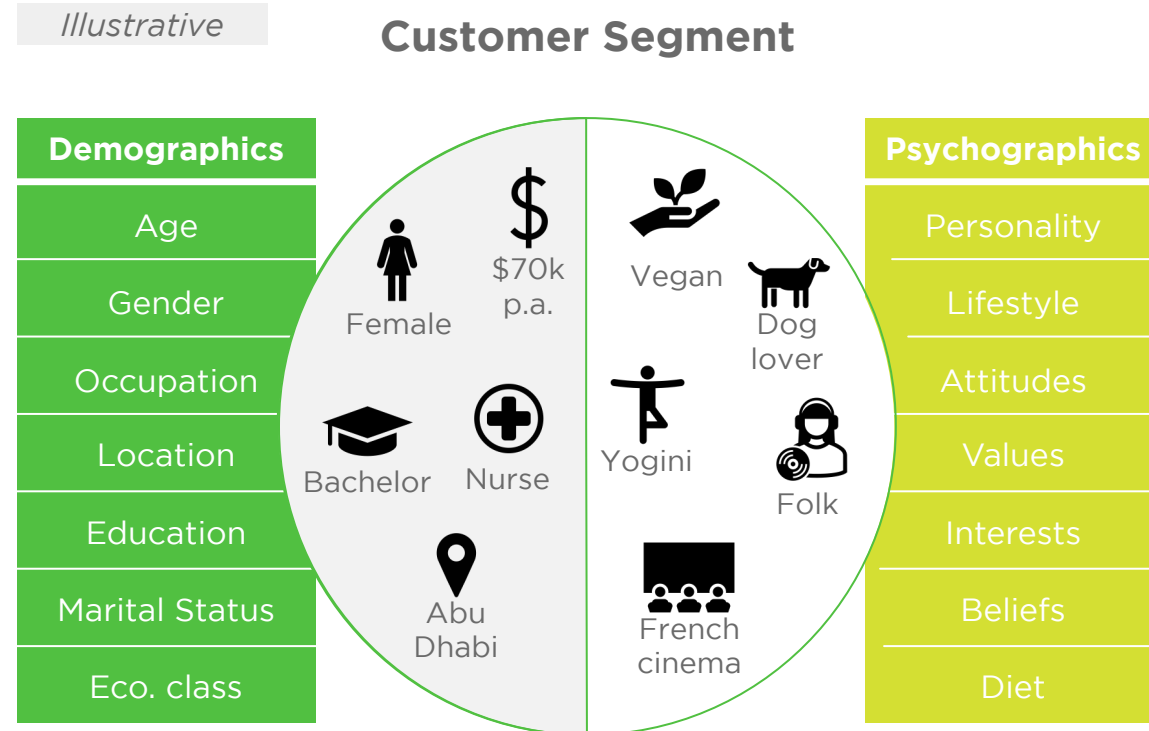

Canada
0.8 Mn
32
2%

USA
6.9 Mn
305
17%

UK
0.7 Mn
32
2%

Germany
3.2 Mn
55
8%

Turkey
0.7 Mn
22
2%

China
10.2 Mn
213
25%

France
2.0 Mn
81
5%

Italy
2.4 Mn
45
6%

UAE
0.3 Mn
6
1%

India
0.4 Mn
14
1%

Only MEA member in the global top 25

Key Stats

40 Mn+
Global sqm for exhibition venues in 2022

~$50 Bn
Global exhibition **market size** in 2022 with **CAGR of ~4%** from 2023 to 2028

Total sqm of venue space
Number of venues
% of the world's venue space

Source: Global Association of the Exhibition Industry, Mordor Intelligence, Strat Views Research, Desk Research

Exhibition venue space concentration:
Low   High

Across the tourism industry, travelers are typically segmented according to demographic characteristics

Illustrative

Demographic Dimensions

Prospective Traveler Segmentation

Country	Age	➤	Young	Middle-aged	Silver-haired
Education	**Purchasing power**	➤	Value Seekers	Mid-Scale	Premium

Most used

Ethnicity	Religion				
Marital Status	Occupation	➤	Blue Collar worker	Pink Collar worker	White Collar worker

Source: United Nations Population Fund, Desk Research

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السعودية
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Nevertheless, as destinations become saturated, tourism entities must refine their segmentation to consider "social groups"

⚠ Relevant for matured markets/ segments

Psychographic Segmentation

Illustrative

Customer Segment

Demographics
Age
Gender
Occupation
Location
Education
Marital Status
Eco. class

Female
$70k p.a.
Bachelor
Nurse
Abu Dhabi

Vegan
Dog lover
Yogini
Folk
French cinema

Psychographics
Personality
Lifestyle
Attitudes
Values
Interests
Beliefs
Diet

Examples of social groups

Segment	Description	Discriminator
Enthusiasts	• High energy, group forming, highly experimental, young	• Concerts, bars, clubs, hip restaurants
Big spenders	• Status conscious, passive, ego enhancement, luxury loving, acquisitive	• Luxury and first-class dining and entertainment
Pioneers	• Trend-setting group, inner directed individualists, active, environmentalists	• Off-the-beaten path
Indulgers	• Passive, individual, well-educated, free spenders on self-indulgence, food & wine	• Exclusive retreat with great local food
Conservatives	• Older, passive, home bound, lack confidence, group travel and cautious spenders	• Reliable package tour that covers all the landmarks

Source: Desk Research

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Across different segments, a traveler's journey can be broadly divided into three main phases

Tourism ecosystem (e.g., MT, DMOs) can greatly influence all steps

1 PRE-TRAVEL

Focus of this module

A Dreaming

- Willing and able to travel
- Open to ideas and prone to suggestion
- Get inspired (e.g., through social media photos from friends and family)

B Planning

- Gauge their options through (i) Google search, (ii) friends & family, etc.
- Assess options across travel priorities (e.g., beach vs. culture)

C Booking

- Select an optimal destination
- Determine itinerary (level of detail/ outsourcing varies by traveler type)
- Book flights, accomm., activities, etc.

2 DURING TRAVEL

Discussed later in the program

A Experiencing

- Fly into the country and check-in accom.
- Engaging in activities set by the itinerary

B Augmenting

- Inspiration through local interaction
- Updating itinerary with ad-hoc items that were not initially planned for

C Sharing Narrowly

- Share photos, videos and tales with close family members and friends
- Typically, via word of mouth

3 POST-TRAVEL
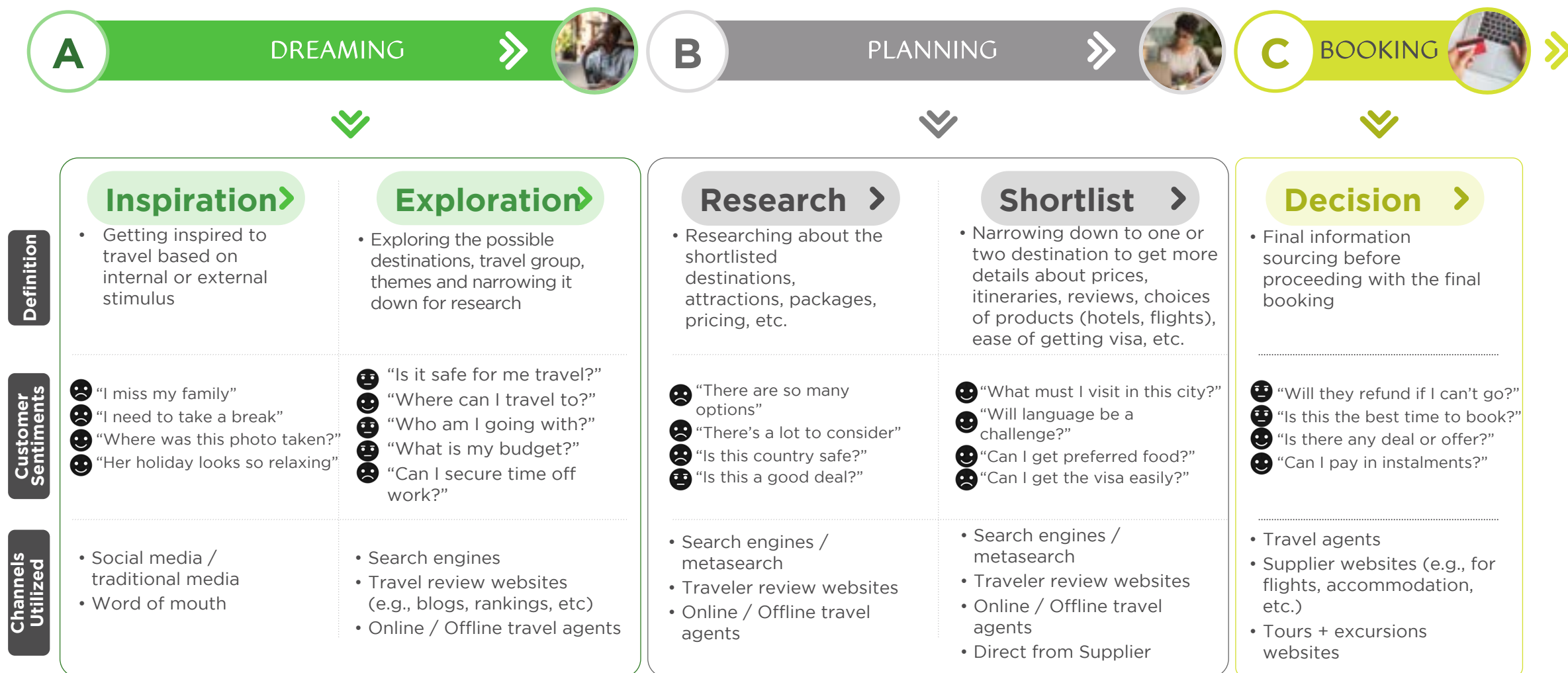
Discussed later in the program

A Sharing Widely

- Share experiences with a vast network
- Communication channels expand to include social media & online reviews

B Reminiscing

- Look back fondly on the experiences and memories made
- Rekindle the happy emotions associated with travel that encourages the next trip
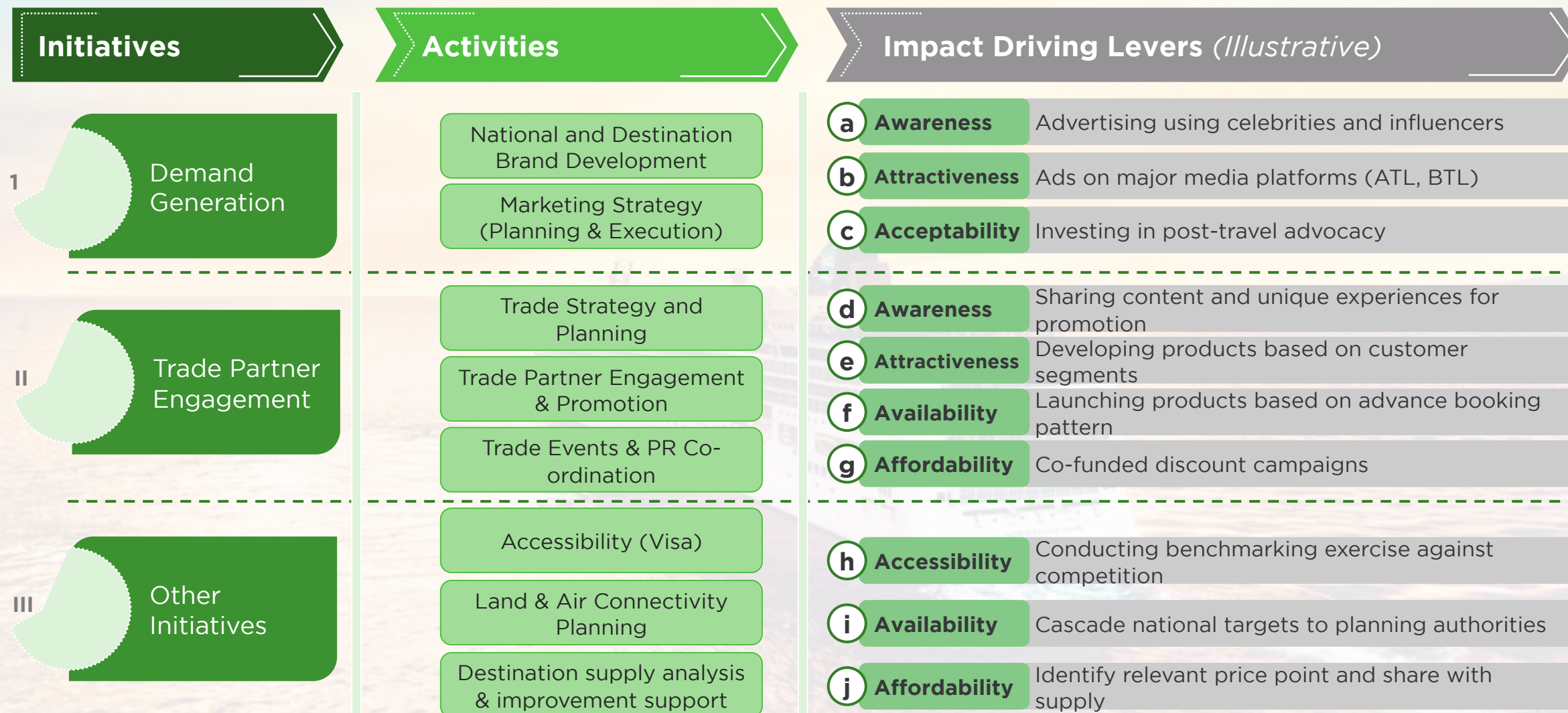
Source: Cloudbeds, Q4 Launch, Desk Research

STA mandate is primarily focused on pre-travel

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Source: Cloudbeds, Q4 Launch, Desk Research

The pre-travel phase can be further split into five steps

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A DREAMING		B PLANNING		C BOOKING

	Inspiration	**Exploration**	**Research**	**Shortlist**	**Decision**
Definition	• Getting inspired to travel based on internal or external stimulus	• Exploring the possible destinations, travel group, themes and narrowing it down for research	• Researching about the shortlisted destinations, attractions, packages, pricing, etc.	• Narrowing down to one or two destination to get more details about prices, itineraries, reviews, choices of products (hotels, flights), ease of getting visa, etc.	• Final information sourcing before proceeding with the final booking
Customer Sentiments	☹ "I miss my family" ☹ "I need to take a break" 😐 "Where was this photo taken?" 😐 "Her holiday looks so relaxing"	😐 "Is it safe for me travel?" ☺ "Where can I travel to?" 😐 "Who am I going with?" 😐 "What is my budget?" ☹ "Can I secure time off work?"	☹ "There are so many options" ☹ "There's a lot to consider" ☹ "Is this country safe?" 😐 "Is this a good deal?"	☺ "What must I visit in this city?" ☺ "Will language be a challenge?" ☺ "Can I get preferred food?" ☹ "Can I get the visa easily?"	😐 "Will they refund if I can't go?" 😐 "Is this the best time to book?" ☺ "Is there any deal or offer?" ☺ "Can I pay in instalments?"
Channels Utilized	• Social media / traditional media • Word of mouth	• Search engines • Travel review websites (e.g., blogs, rankings, etc) • Online / Offline travel agents	• Search engines / metasearch • Traveler review websites • Online / Offline travel agents	• Search engines / metasearch • Traveler review websites • Online / Offline travel agents • Direct from Supplier	• Travel agents • Supplier websites (e.g., for flights, accommodation, etc.) • Tours + excursions websites

Source: Desk Research

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Sentiments: ☺ Positive 😐 Neutral ☹ Negative

There are six key factors driving traveler's decision-making across their booking journey

Inspiration >	Exploration >	Research >	Shortlist >	Decision >

01 Awareness — Extent to which travelers are aware about the destination

Marketing, Maturity, Popularity

02 Attractiveness — Destination's attractiveness on product offerings (when compared to other destinations)

Product offerings, Perceived value

03 Acceptability — How acceptable is to travel by all the members of the group

Trust, Social Norms, Religious beliefs, etc.

04 Accessibility — How easy or difficult is it to reach the destination

Airlines, e-Visa, Ground Transportation

05 Availability — Is the right product available for preferred travel dates

Customization, Demand/ Supply, Seasonality

06 Affordability — Is the product/package + spend at the destination within the budget

Routes, Preferences, Policies, Support

Sample Parameters impacting the factor

Source: Desk Research

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Tourism Boards can impact the main factors influencing the decision-making through multiple initiatives

Initiatives	Activities	Impact Driving Levers *(Illustrative)*

1 — Demand Generation

- National and Destination Brand Development
- Marketing Strategy (Planning & Execution)

a Awareness — Advertising using celebrities and influencers
b Attractiveness — Ads on major media platforms (ATL, BTL)
c Acceptability — Investing in post-travel advocacy

II — Trade Partner Engagement

- Trade Strategy and Planning
- Trade Partner Engagement & Promotion
- Trade Events & PR Co-ordination

d Awareness — Sharing content and unique experiences for promotion
e Attractiveness — Developing products based on customer segments
f Availability — Launching products based on advance booking pattern
g Affordability — Co-funded discount campaigns

III — Other Initiatives

- Accessibility (Visa)
- Land & Air Connectivity Planning
- Destination supply analysis & improvement support

h Accessibility — Conducting benchmarking exercise against competition
i Availability — Cascade national targets to planning authorities
j Affordability — Identify relevant price point and share with supply

Source: Desk Research

The focus of those initiatives will evolve from brand equity building to conversion campaigns as destinations mature

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Destination increasing in maturity
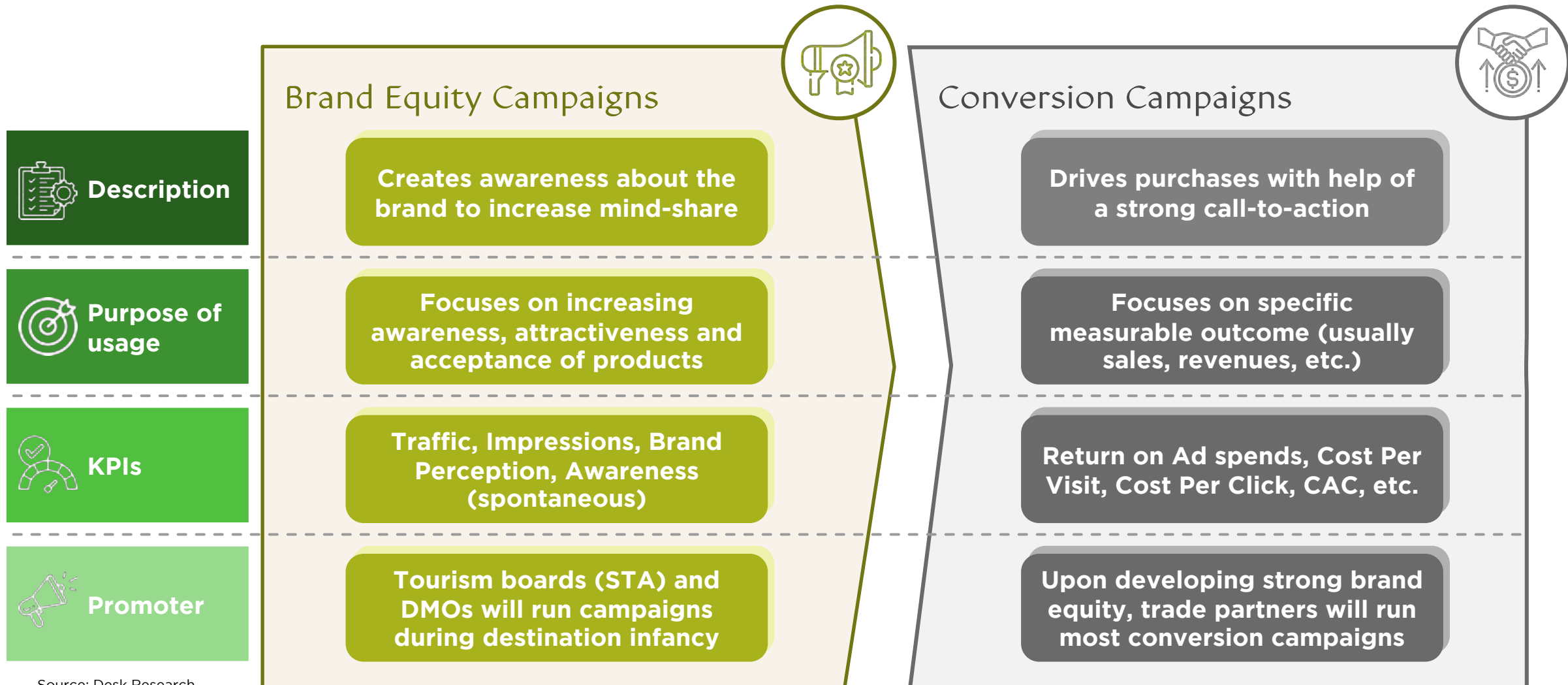
Brand Equity Campaigns

Conversion Campaigns

	Brand Equity Campaigns	Conversion Campaigns
Description	Creates awareness about the brand to increase mind-share	Drives purchases with help of a strong call-to-action
Purpose of usage	Focuses on increasing awareness, attractiveness and acceptance of products	Focuses on specific measurable outcome (usually sales, revenues, etc.)
KPIs	Traffic, Impressions, Brand Perception, Awareness (spontaneous)	Return on Ad spends, Cost Per Visit, Cost Per Click, CAC, etc.
Promoter	Tourism boards (STA) and DMOs will run campaigns during destination infancy	Upon developing strong brand equity, trade partners will run most conversion campaigns

Source: Desk Research

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Destinations typically can sell their travel products in two different formats

Illustrative

Single Product Categories

Flights **Accommodation** **Activities** **Visa**

Rent-a-car **Transfers** **Rail** **Insurance**

Package Types

Simple Packages

Flights

Accommodation

Complex Packages

Flights Accommodation Cruises
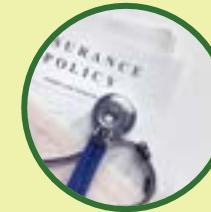
Gastronomy Car-rentals Attractions

Source: Desk Research

Single products are items purchased individually that can be easily customized to create the traveler's target bundle

Single Product Categories

Flights	**Accommodation**	**Activities**	**Visa**	**Cruises**
Rent-a-car	**Transfers**	**Rail**	**Insurance**	**Attractions**

Key Differentiators

- Single products are **purchased individually**
- **Purchased by the traveler** or by a **travel agency** (OTA or RTA) on behalf of them
- **Majority of the content distributed today are single products**
- Each of these products **can be customized** easily across multiple parameters
- The onus lies on the end traveler to search, curate and book the products individually to **create the target package**

Source: Desk Research

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Each of the single products can be further customized across multiple parameters

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Non-exhaustiv

Single Products

1 ACCOMMODATION

1. **Star**: 3*, 4*, 5*
2. **Views**: Sea facing, skyline view
3. **Room type**: Twin room, triple room
4. **F&B**: Room only, bed & breakfast, half board, full board
5. **Facilities**: Balcony, living room
6. **Amenities**: TV, wash kit, internet

2 FLIGHTS

1. **Stops**: Direct, lay over, connecting
2. **Frills**: Low-cost carriers, full-service carriers, charters
3. **Class**: Economy, business class, first class
4. **Ancillaries**: gift shop, internet, entertainment

3 TRANSFERS

1. **Accessibility**: Private, shared
2. **Mode**: Trains, bus, tram, cars
3. **Destination**: Inter-city, intra-city

4 ACTIVITIES

1. **Accessibility:** Private, shared
2. **Instruction**: With guide, without guide
3. **Duration**: Full day, half day

Source: Desk Research

Packages consist of at least two of the three major components

Illustrative

Package Types

Key Differentiators

Simple Packages

Flights **Accommodation**

Car-rentals **Transfers**

Complex Packages

Flights **Accommodation** **Cruises**

Gastronomy **Car-rentals** **Attractions**

- Packages or vacation packages **consists of at least two of the three major components** (flight, accommodation or car rental)

- More complex packages can include flight, accommodation, transportation, tours, car rentals, insurance or experiences

- Packages are sourced, curated, and distributed by **tour operators** and **travel agents**

- The **onus lies on the travel agent** to search, curate and book the products

Source: Desk Research

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Ultimately, packages can either be built by the travelers or purchased directly from an agent

Package Dimensions	Built by the Travelers	Sold by Travel Agents
Flexibility	👍 **High flexibility** and **customizability**	👎 **Low to medium flexibility** (depending on static vs. dynamic)
Affordability	👍 **Can isolate the cheapest suppliers** and merge them to an affordable bundle	👎 Cheaper for popular destinations by achieving scale, **otherwise expensive**
Location Options	👍 **Abundant options** for all destinations	👎 **Abundant for popular** touristic destinations, **limited for others**
Duration	👍 Effective for **non-traditional durations** (e.g., >7 days)	👍 Most packages fall in the 3-7 day range, **aligned with vacation norms**
Support	👎 Must coordinate **independently** with suppliers for dispute resolution	👍 **Offer support services** and liaise with suppliers on behalf of the traveler
Convenience	👎 Inconvenient as it requires **a lot of time** to coordinate with all suppliers	👍 **Highly convenient** as all processing is done by the travel agent

Source: Desk Research

Static packages are cheaper as they have limited flexibility and supplier integrations

Static vs. Dynamic Packages (1/2)
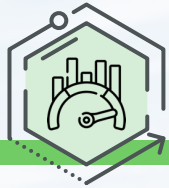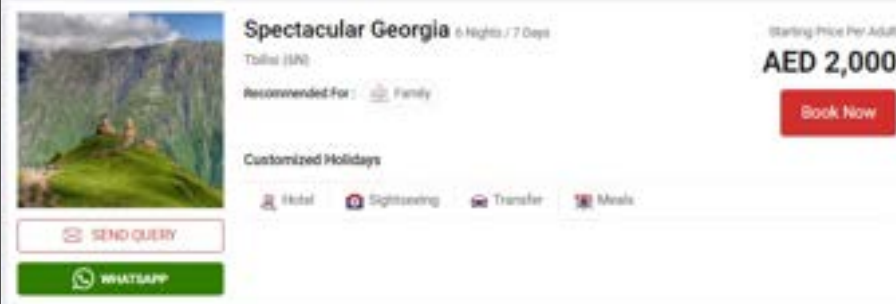
Static Package Performance

Itinerary	Fixed (e.g., fixed departures/durations)
Flexibility	Limited
Modification Time	Long
Supply Integrations	Limited (Emails or login-based)
Confirmation Time	In days (mostly)
Price	$-$$ (Lower)
Booking Experience	☹

Sample Static Packages

Limited flexibility and supplier integrations

Source: Screenshots from Akbar Travel, Desk Research

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Whereas, dynamic packages have high levels of flexibility, supply integrations and customer experience

Static vs. Dynamic Packages (2/2)

Dynamic Package Performance

Itinerary	Customizable (Real-time)
Flexibility	High
Modification Time	Real-time
Supply Integrations	High (Multiple integrations)
Confirmation Time	Immediate
Price	$$$$
Booking Experience	☺
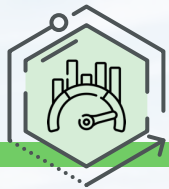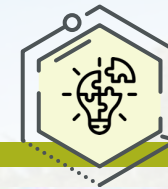
Sample Dynamic Packages

Customize packages with real-time pricing

Source: Screenshots from Emirates Holiday and Holiday Factory, Desk Research

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There are three main challenges in booking a package

1 LIMITED ACCESSIBILITY

Limited access to info, products and services

» **Limited availability** of curated packages (e.g., location)

» **Ancillary service** booking (meal, seat, etc.) needs to be done **offline**

» **Lack of detailed information** when compared to single products

2 LIMITED FLEXIBILITY

Limited flexibility to achieve product or budgetary goals

» **Limited flexibility to modify packages** (date changes, addition/ deletion of pax, upgrades to Private, etc.)

» **Limited flexibility on price** as rates are not dynamic due to changes taking a lot of time

3 SLOW SPEED

Inefficient processes that delay service speed

» **Slow real-time confirmations** (agents usually send manual vouchers as they are not integrated directly with supplier)

» **Inefficient support** in case of issues or refunds as there are multiple levels between the customer and suppliers

Source: Desk Research

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To effectively market a destination, Tourism Boards need to prioritize source markets and then tailor their approach

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A Source Market Prioritization

B Traveler Assessment

C Travel Trade Analysis

D Plan for the Market

A — Source Market Prioritization

» **Priority source markets**

B — Traveler Assessment

» Market size

» Demographics (e.g., age, purchasing power)

» Key purchasing criteria (e.g., affordability, avail.)

» Product preferences (e.g., hotels, packages)

» Advance booking window

» Preferred booking channel (TA, OTA, etc.)

C — Travel Trade Analysis

» Main travel intermediaries (e.g., market share)

» Product portfolio (e.g., packages, flights, hotels)

» Purpose focus (e.g., sun & beach, culture & heritage)

» Capture rate of competing destinations (e.g., UAE)

» MENA and KSA presence

» B2B/B2C

D — Plan for the Market

STA Focus

» Marketing roadmap

» Trade partner engagement — *Deep Dive in next module*

» Product development

» Supply activation

» Human capital enablement

» Regulatory roadmap

Source: Desk Research

To define the priority source markets, Tourism boards can use a top-down approach with multiple filtration criteria

Illustrative

Step 1: Pre-Screening

Step 2: Relevance Ranking

All Markets

214 Countries

Addressable Markets

69 Countries

	Size	Growth	Spend	Affinity to GCC
Market 1	2	1	2	0
Market 2	1	3	4	1
...				
Market 69	3	2	3	4

Ranking of Markets' Relevance

① Market x
② Market y
③ Market z
...
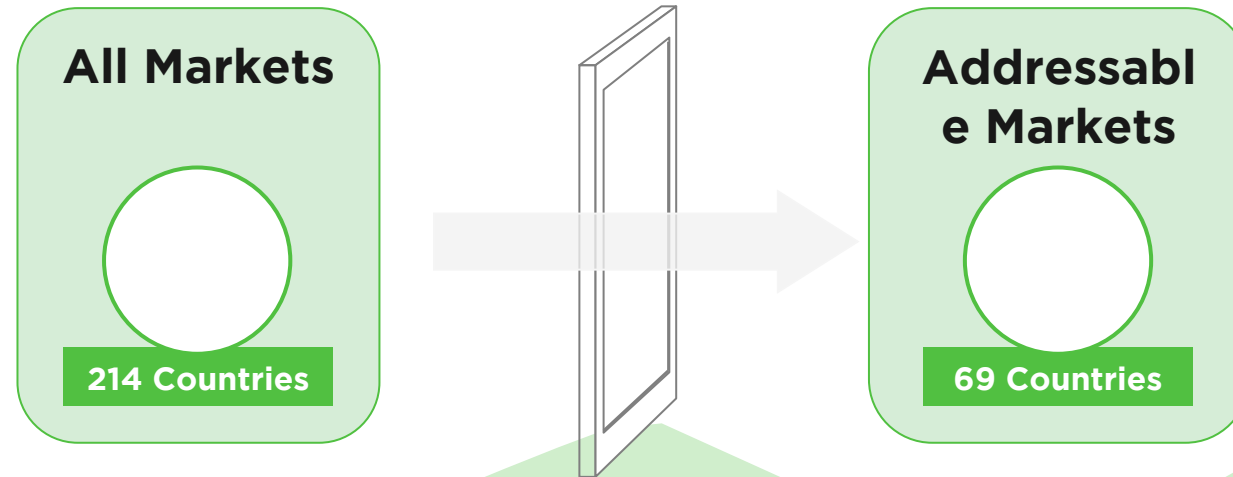
Step 1 Approach

- Screened-out countries with
  - Less than 1 million population
  - Less than 250,000 outbound travelers annually
  - More than 10-hour flight distance

Step 2 Approach

- Determine overall score of markets' relevance, based on:
  - **Size** of countries outbound market
  - **Growth**, measured by the countries' outbound historical CAGR and forecasted GDP/Capita growth
  - **Average expenditure** per tourist
  - **Affinity to GCC**, measured by the current flow to GCC countries and the entry visa requirements to GCC country

After mapping the priority source markets, it is critical to profile the demand

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PREFERRED BOOKING CHANNEL

- By Phone
- Offline — Travel Package**
- Online

5%
36%
58%

MARKET SIZE
127.6 Mn
Outbound Trips in 2019

ADVANCE BOOKING WINDOW

Lead Time	Travelers
6+ months	20%
3-6 months	**31%**
1-2 months	17%
<1 month	25%
Don't know	7%

DEMOGRAPHICS

Total Population in 2021 (Mn)

60+	40-59	20-39	0-19	
~23%	**~25%**	**~27%**	**~25%**	332

PRODUCT PREFERENCES

Hotels of choice when traveling abroad

- Luxury (5 Stars) — 37%
- Mid (3-4 Stars) — 50%
- Budget (1-2 Stars) — 13%
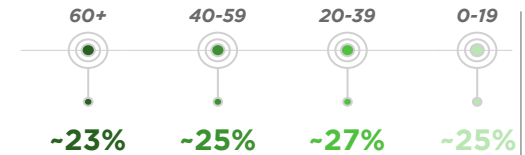
PURCHASING POWER
~60k
Est. Real GDP Per Capita, PPP$ in 2022

Source: IPSOS, Euromonitor, World Bank, IMF, Desk Research, Team Analysis

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Demand purchase behaviour varies across key parameters such as location

	California	New York
GDP per Capita	USD 71k	USD 75k
Trips per Capita[1]	2.1 (83 Mn trips)	2.4 (46 Mn trips)

Similar income levels and thus, similar traveling frequencies

Outbound Travel flow

Legend:
- ● >100 routes
- ● 21-100 routes
- ● <20 routes

California map labels: South East Asia, Domestic, Mexico, Australasia (LOS ANGELES (LAX))

New York map labels: Western Europe, Caribbean, Middle East (NEW YORK (JFK))
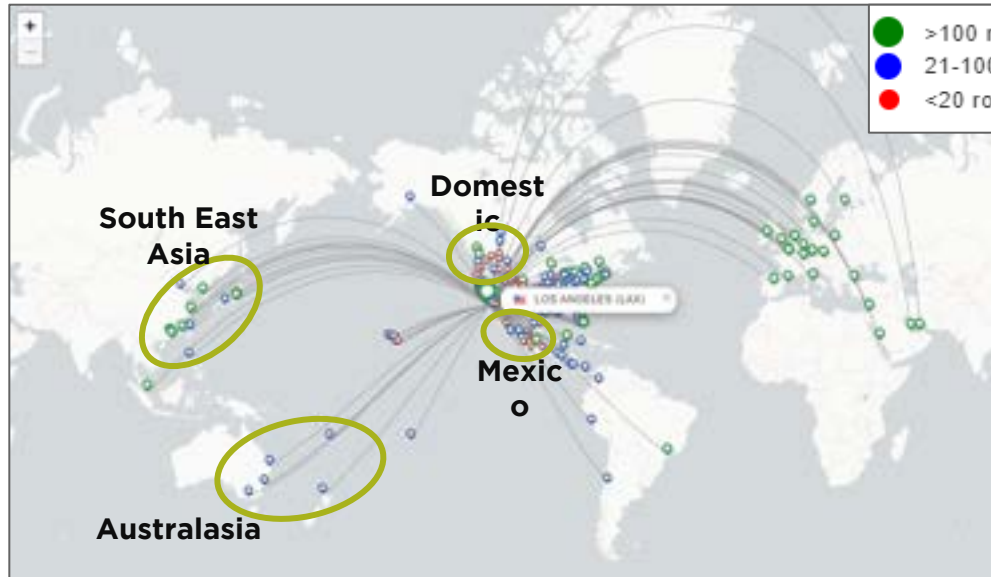
	California	New York
International %	24%	39%
Key Destinations	Latin America, Southeast Asia & Australasia	Domestic, Western Europe, Caribbean, Middle East

Travel location preferences vary based on accessibility. The Middle East has higher New Yorker Presence

○ Higher Californian presence   ○ Higher New Yorker presence

Note: All data corresponds to 2019; 1) Outbound trips per capita
Source: FlyFrom website, Port Authority New York, Knoema, US Census Bureau, US Bureaau of Transport Statistics
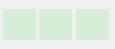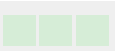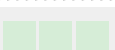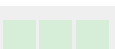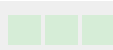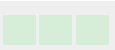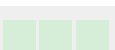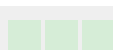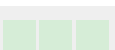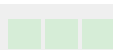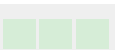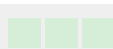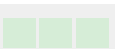
In parallel, it is key to identify main travel intermediaries serving that demand

Illustrative

Market Share of Travel Intermediaries

2016
- 24%
- 13%
- 4%
- 2%
- 4%
- 76%

2019
- 51%
- 22%
- 13%
- 3%
- 3%
- 4%
- 49%

2021
- 50%
- 25%
- 11%
- 4%
- 3%
- 4%
- 50%

Legend:
- Expedia Group
- American Express Co
- Booking.com
- Carlson Cos
- BCD Travel
- AAA Travel
- Travel Leaders Group
- Flight Centre USA
- Classic Vacations
- Corporate Travel
- Others

Source: Euromonitor, MarketLine, Team Analysis

37
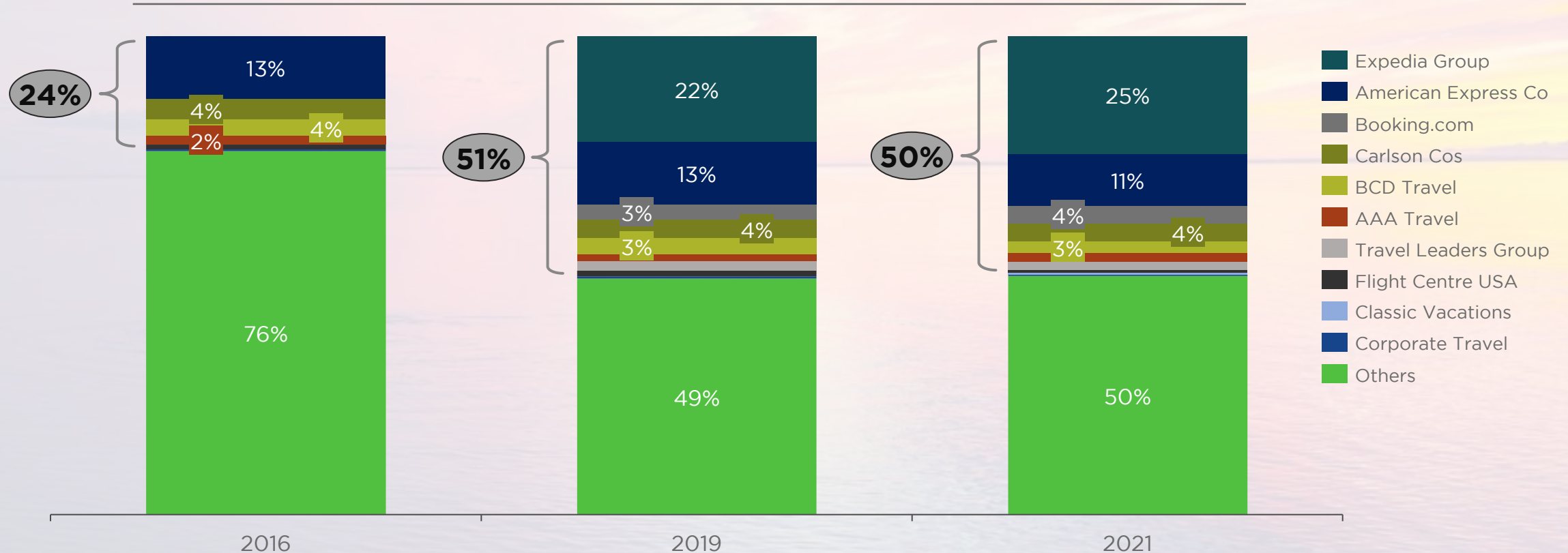
As well as their product portfolio and geographic focus

Illustrative

Category	Company	Product Portfolio	Global Purpose Focus Across Destinations							MENA Presence[1]	KSA Presence	Notes
			☂ Sun & Sea	⛰ Nature & Adventure	🦖 Culture & Heritage	Sports	Leisure & Enter.	➕ Wellness & Medical	🛒 Shopping			
Travel Agencies	Internova Group	Hotel, Flight, Package	4	2	2	1	1	0	1	Med	None	• Primarily Sun & Sea destinations
	Alexander + Roberts	Hotel, Flight, Package	1	4	3	0	3	0	0	Med	None	• Focused on adventure with significant presence in MENA
	Abercrombie & Kent	Hotel, Flight, Package	2	3	4	0	2	0	0	Med	Med.	• Focused on adventure with significant presence in MENA
	SITA World Tours	Hotel, Flight, Package	1	4	4	1	3	1	0	Med	Med.	• Focused on adventure with significant presence in MENA
	Virtuoso	Hotel, Flight, Package	1	4	4	1	3	1	0	High	None	• Focused on adventure with very high presence in MENA
	AAA Travel	Hotel, Flight, Package	0	4	4	1	1	0	0	Low	None	• Reselling packages with tours primarily
	Flight Centre	Hotel, Flight, Package	4	2	2	1	1	1	1	n/a	n/a	• Presence in MENA, but no standardized offering
Travel Wholesaler (TW)	Classic Vacations	Hotel, Flight, Package	3	2	3	1	1	0	1	Low	None	• Travel wholesaler with limited MENA presence (Oman/ UAE)
Travel Management Companies (TMCs)	AMEX GBT	Hotel, Flight, Package	0	0	1	2	0	0	1	n/a	n/a	• n/a
	Carlson Wagonlit	Hotel, Flight, Package	0	0	1	2	0	0	1	n/a	n/a	
	BCD Travel	Hotel, Flight, Package	0	0	1	2	0	0	1	n/a	n/a	
Online Travel Agency (OTAs)	Booking.com	Hotel, Flight, Package	3	3	4	2	1	2	1	High	Med.	• The focus of OTAs are leisure tourists across cities and beyond
	Expedia.com	Hotel, Flight, Package	3	3	4	2	1	2	1	High	Med.	• Very good coverage of the supply in MENA region vs. KSA

Legend:
- Outside Top-10
- 🛎 Hotel Deals
- ✈ Flight Deals
- 🌐 Package Deals
- ☂ Sun & Sea
- ⛰ Nature & Adventure
- 🦖 Culture & Heritage
- Sports
- Leisure & Enter.
- ➕ Wellness & Medical
- 🛒 Shopping

Scale: 0 n/a | 1 Low | 2 Med. | 3 High | 4 Very High

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Finally, marketing strategy is then carried out by considering the characteristics of the demand and distribution of each market
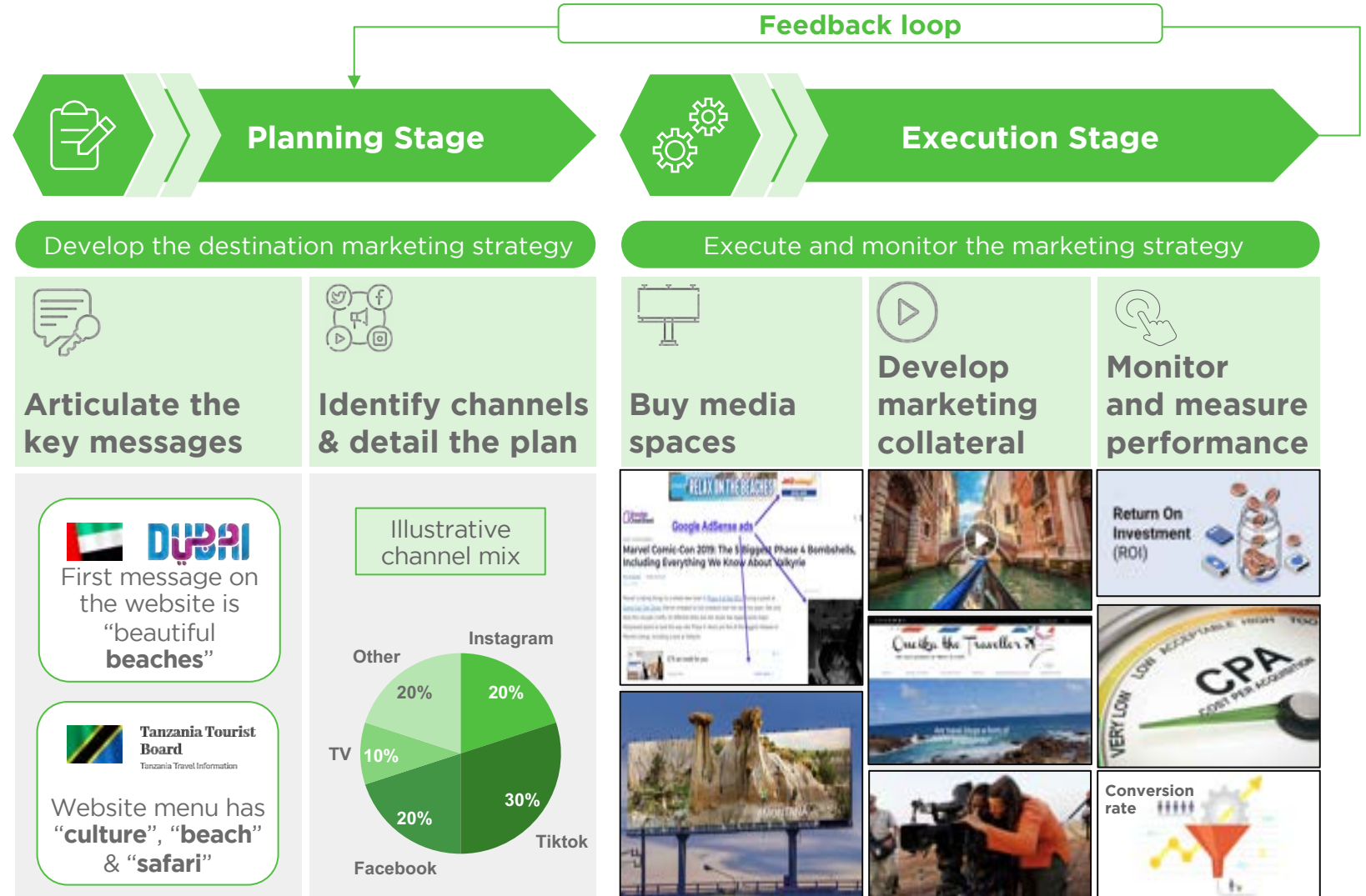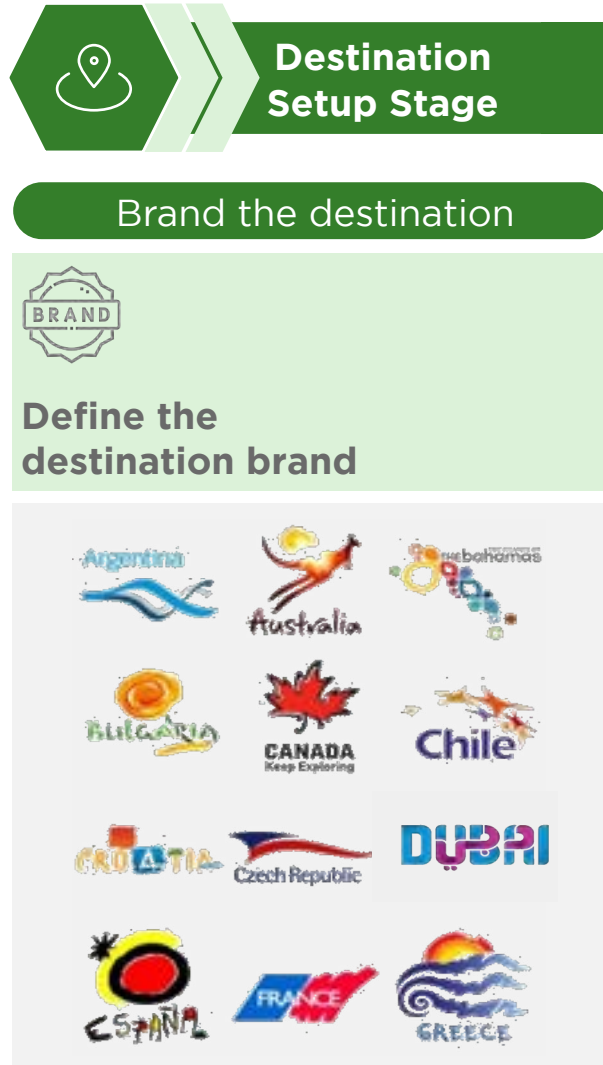
Destination Setup Stage

Feedback loop

Planning Stage

Execution Stage

Brand the destination

Develop the destination marketing strategy

Execute and monitor the marketing strategy

Define the destination brand

Articulate the key messages

Identify channels & detail the plan

Buy media spaces

Develop marketing collateral

Monitor and measure performance

DUBAI
First message on the website is "beautiful **beaches**"

Tanzania Tourist Board
Tanzania Travel Information
Website menu has "**culture**", "**beach**" & "**safari**"

Illustrative channel mix

- Instagram 20%
- Other 20%
- TV 10%
- Facebook 20%
- Tiktok 30%

Return On Investment (ROI)

CPA — Cost Per Acquisition

Conversion rate

Source: Desk Research, Team Analysis

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Going forward, there are demand trends shaping the travel and tourism with relevant implications for Saudi Tourism

السعودية الهيئــة
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DEMAND KEY TRENDS

⭐	**1**	Growing influence of **social media** in travel inspiration for younger generations
	2	**Beach holidays** and **global cities** visits are making a comeback
⭐	**3**	**Business** and **leisure** are becoming a popular **blend**
⭐	**4**	**Luxury travel** remains afloat of economic headwinds
⭐	**5**	**Personalization** for the experiential traveler
	6	Emergence of the **sustainable traveler**

IMPLICATIONS FOR SAUDI TOURISM

Grow presence in social media/ influencers to attract Gen Z. Key not to forgo traditional platforms to increase share-of-mind across older generations

Beach and cities are the bulk of global visitation. Building the destinations to cater to these high-volume segments is paramount to achieve high volumes

MICE opportunity is even more attractive as length of stay increases due to Bleisure. Saudi can leverage religious purpose to apply similar tactics

Great driver of spend growth. Key to improve the entire customer journey to cater to the sophisticated traveler (from airport to luxury dining and experiences)

Niche volume, but high value. Partner with specialized bespoke travel agencies to design luxury travel packages in Saudi (key to develop DMCs)

Niche demand with value for private sector specialists. Low priority for national tourism entities as the volume can be more easily found in traditional purposes

Source: UNWTO, Desk Research

⭐ Selected for deep dive ◯ No importance for KSA ◖ Medium importance for KSA ● High importance for KSA

① Social media influence

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Social media has become the go-to platform for Gen Z travel inspiration, but older generations still rely on traditional forms of travel review and word of mouth

Sources of Travel Ideas

Most popular sources of travel ideas on social media

40%

33%

25%

TikTok
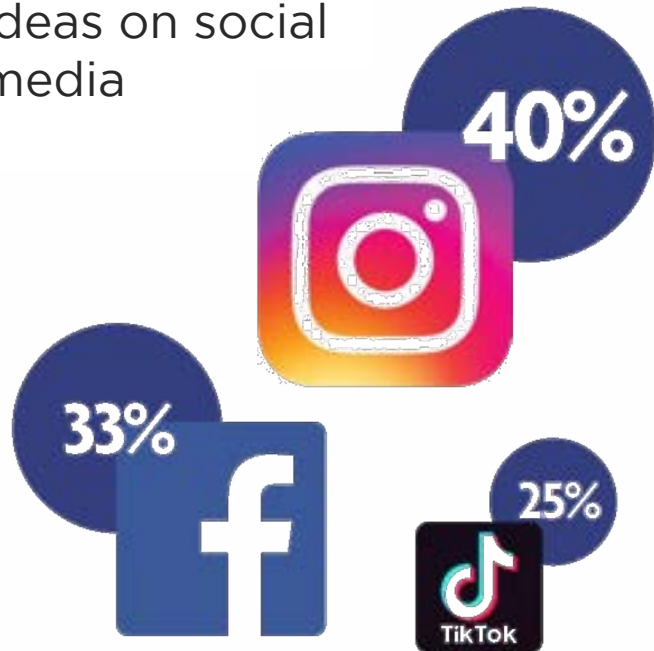
Inter-generational Differences

% of travelers using social media platforms to plan holidays

Gen Z
(Aged mid-20s or below)
39%

Older Gens
(Aged above mid-20s)
29%

~**20% of Gen Z travelers follow a travel** influencer, with higher proportions in India, Italy and Hong Kong

Those **over 45 are less likely to use social media** for travel inspiration, while 70% of business travelers still **prefer to seek written reviews** when making their decisions

Source: Skyscanner Horizons Report, YouGov, Desk Research, Team Analysis

The boom in Bleisure travel from 2019 to 2022 has contributed to increasing length of stay

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Length of stay is increasing ...

...partly due to adding days for pleasure...

... evidenced by the recent mixed payment boom

Average length of stay[1]

2019

9 *days*

↓

2022

14 *days*

Blended Trip Penetration[2]

17% Blended

83% Non-blended
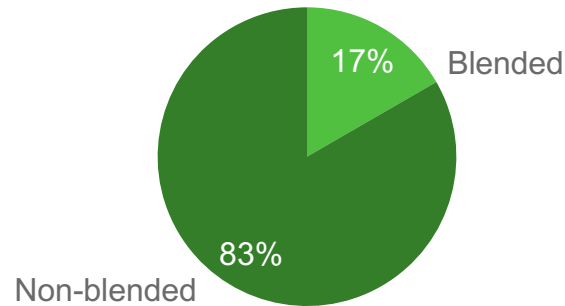
1 in 6

Likely to take to take a Bleisure trip in 2023

Growth of Blended Trip[3]

+954%

2019   2022
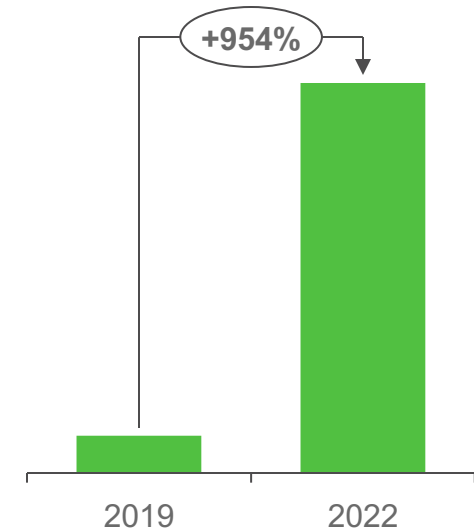
1) Based on the average duration of a round-trip booked on Trip.com; 2) Penetration in 2023; 3) based on the number of "mixed payment" bookings
Source: Skyscanner Travel Trends, Trip.com, Desk Research, Team Analysis

Luxury travel remained afloat economic crisis and it is set for a faster growth in the near future

Global Spending on Hotels by Quality Tier
(% indexed to 2008 Level)

Credit Crunch

COVID-19

> **Luxury hotels** were the **most resilient** after COVID-19

> **Luxury hotels** were the **most resilient** after the credit crunch

CAGR
(%, 2020-2027)

Hotel Tier	CAGR
Luxury Hotels	18.2%
Budget Hotels	17.2%
Upscale Hotels	15.7%
Mid-Market Hotels	15.4%
Unrated Hotels	13.1%

Y-axis: 180%, 140%, 100%, 60%

X-axis: 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027

Source: Euromonitor, Team Analysis

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Demand for unique and personalized experiences culminated in the rise of specialized and bespoke travel tour operators

Demand for Personalized Experiences

57%
Of visitors want tailored experiences[1]

51%
Of visitors want a local's experiences[2]

48%
Of visitors want unique experiences[2]

Supply of Personalized Experiences

New Specialized Distributors
Emergence of *bespoke* travel intermediaries

Sample specialized and bespoke travel intermediaries:

WILDERNESS SAFARIS

Scott Dunn

BLACK TOMATO

exodus travels

6BEYOND

JOURNEY LATIN AMERICA

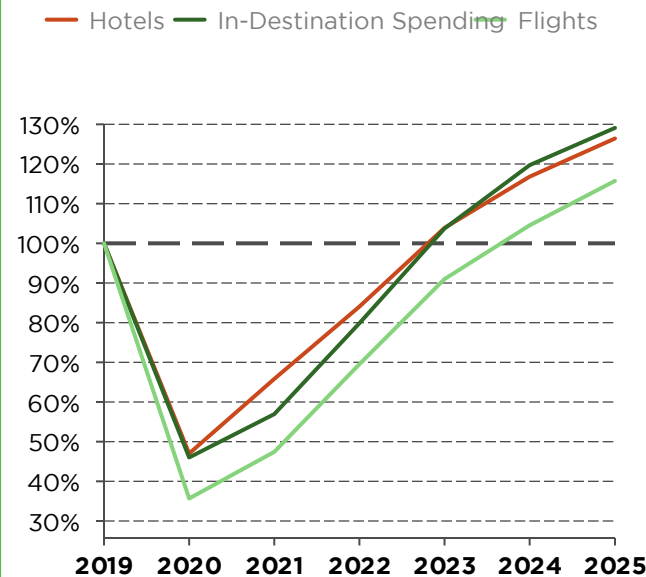INSIDE Japan

SteppesTravel

WILD FRONTIERS

Healing Holidays

1) Poll conducted in 2019; 2) Poll conducted in 2022
Source: Conde Nast Traveler, Travel Agent Central, Doxee, Scott Dunn website, Desktop Research

الهيئــــة SAUDI
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COVID-19 dropped total annual spend by over 50%, but will return to previous levels by mid 2023

Global Tourism Spend by Product Type
(%, Indexed to 2019)

— Hotels — In-Destination Spending — Flights

130%
120%
110%
100%
90%
80%
70%
60%
50%
40%
30%

2019 2020 2021 2022 2023 2024 2025

PRODUCT INSIGHTS

- **Full product recovery** made in **mid 2023**
- **Flights** faced the largest **drop of 64%** but recovered at the highest **CAGR of 27%**
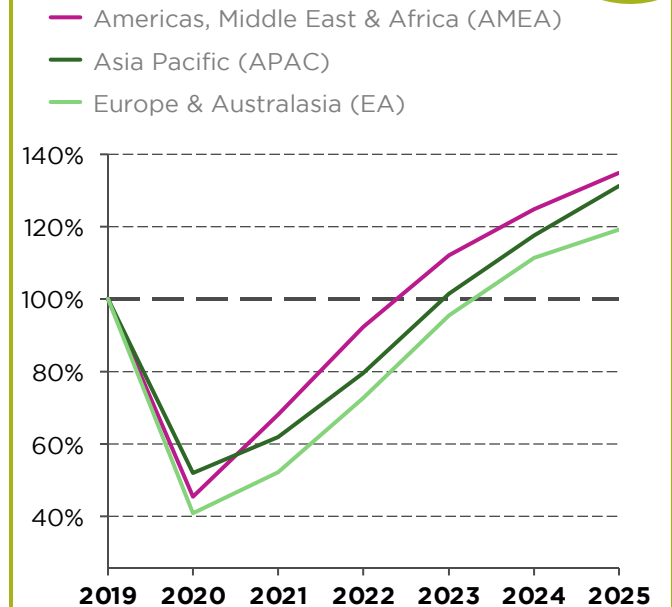- **Hotels** faced the smallest **drop of 53%**

Global Tourism Spend by Travel Purpose
(%, Indexed to 2019)

— Leisure — Business

140%
120%
100%
80%
60%
40%

2019 2020 2021 2022 2023 2024 2025
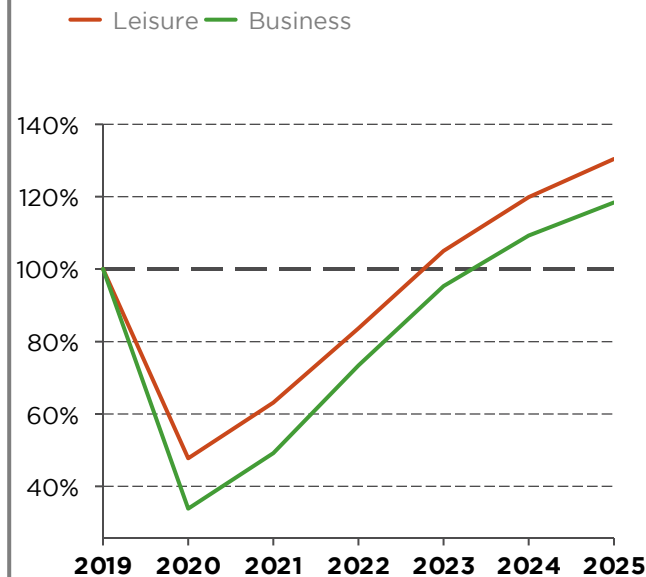
TRAVEL PURPOSE INSIGHTS

- **Full purpose recovery** made in **mid 2023**
- Business declined the most at **66%** and recovered last with a **CAGR of 28%**
- **Leisure** saw a lower **decline of 52%**

Inbound Tourism Spend by Region
(%, Indexed to 2019)

— Americas, Middle East & Africa (AMEA)
— Asia Pacific (APAC)
— Europe & Australasia (EA)

140%
120%
100%
80%
60%
40%

2019 2020 2021 2022 2023 2024 2025

REGIONAL INSIGHTS

- **Full global recovery** made in **mid 2023**
- **EA** faced the largest **drop of 59%** and recovered moderately at a **CAGR of 24%**
- **AMEA** was resilient & **recovered in mid-2022**

1) Drops refer to the decline between 2019 and 2020 caused by COVID-19; 2) CAGRs refer to the recovery timeframe between 2020 and 2025
Source: Mordor Intelligence, Desk Research, Team Analysis

Thank you